

Compensation Report 2022

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01 Introduction

The compensation report has been prepared in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OAEC), the principles of the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*, as well as the corporate governance reporting directive of the SIX Swiss Exchange (its Directive on Information Relating to Corporate Governance).

The compensation report discloses the compensation of the members of the Board of Directors and Executive Committee for fiscal years 2021 and 2022. The shareholdings of the Board and Executive Committee (disclosed in accordance with the Swiss Code of Obligations) are presented in the notes to the separate financial statements of Comet Holding AG within note 6, "Disclosure of shareholdings of the Board of Directors and Executive Committee". The expense for their compensation (disclosed in accordance with International Financial Reporting Standards) is presented in the consolidated financial statements of Comet Holding AG within note 30, "Compensation of the Board of Directors and Executive Committee".

02 OAEC-related provisions and compensation governance

02.1 OAEC-related provisions under the Articles of Association

Compensation-related provisions are specified in the Articles of Association (which are published on the Group's website at www.comet-group.com/en/investors/downloads) and implemented in corresponding Group regulations. Articles 21 to 28 of the Articles of Association govern compensation approval, the compensation of the Board of Directors and Executive Committee, the composition of performance-based compensation, and the terms of stock awards.

Every year, the Board of Directors submits to the Annual Shareholder Meeting for approval its proposals for the maximum aggregate amounts of compensation of the Board of Directors and of the Executive Committee.

02.2 Shareholders' say on pay

Under the OAEC and the Articles of Association of Comet Holding AG, the amounts of the respective aggregate compensation of the Board of Directors and Executive Committee require shareholder approval in a binding vote at the Shareholder Meeting. Specifically, under article 21 of the Articles of Association of Comet Holding AG, shareholders vote on the following:

- The compensation of the Board of Directors for the coming term of office (prospectively)
- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospectively)
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospectively)

The prospectively binding voting in combination with retroactive approval of the performance-related remuneration give shareholders an extensive "say on pay".

03 Determination of compensation and compensation principles

03.1 Determination of compensation The design, regular review and evaluation of the compensation system are the responsibility of the Nomination and Compensation Committee (NCC). The composition and responsibilities of the NCC are outlined in the corporate governance report.

Subject to the limits of the maximum aggregate amounts approved by the Annual Shareholder Meeting, the Board of Directors annually prepares the compensation proposals, as follows:

Decision on	CEO	NCC	Board of Directors	Shareholder Meeting
Compensation policy and guidelines under the Articles of Association		Proposes	Approves	
Maximum aggregate compensation of the Board of Directors		Proposes	Reviews	Binding vote
Individual compensation of Board members		Proposes	Approves	
Fixed compensation of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Fixed compensation of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Profit-sharing and LTIP plans of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee
Profit-sharing and LTIP plans of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee

On behalf of the Board of Directors, the external audit firm verifies whether the quantitative disclosures on compensation, loans and other credit made in the compensation report pursuant to sections 14 to 16 OAEC comply with the law and the OAEC.

03.2 Compensation of the Board of Directors

Compensation principles

Every year, the Board of Directors submits its proposal for the maximum aggregate amount of Board compensation to the Annual Shareholder Meeting for approval. The amounts of Board members' compensation are set to reflect the Comet Group's industry environment and are regularly reviewed against benchmarks. The latest such review was performed in fiscal year 2021. The compensation details are specified in a Board-approved compensation plan in the form of a set of regulations.

The compensation consists of a combination of a base retainer and fees for committee work. This structure is consistent with standard market practice for companies listed on the SIX Swiss Exchange. During fiscal year 2022, in order to better reflect market and company performance, the stock component (shares) was increased to 40% of compensation (from the level of one-third applicable until the 2022 Annual Shareholder Meeting) and the cash component decreased to 60% of compensation (from the level of two-thirds applicable until the 2022 Annual Shareholder Meeting).

Structure of the compensation system

Overview of Board of Directors compensation structure up to the Annual Shareholder Meeting on April 14, 2022:

In CHF (gross)

	Cash portion of retainer (two-thirds)	Stock portion of retainer (one-third)	Total reported value of compensation	Flat expense allowance (additional)
Chair of the Board	132,000	66,000	198,000	8,000
Vice Chair of the Board	66,000	33,000	99,000	4,000
Member of the Board	66,000	33,000	99,000	4,000

Overview of Board of Directors compensation structure after the Annual Shareholder Meeting on April 14, 2022:

In CHF (gross)

Function	Base retainer	Fees for committee work		Flat expense allowance (additional)
		Chair of AC, NCC or TC	Member of AC, NCC or TC	
Chair of the Board	250,000	–	–	12,000
Vice Chair of the Board	120,000	25,000	15,000	6,000
Member of the Board	100,000	25,000	15,000	5,000

The sum of the base retainer and fees for committee work is split into a cash portion of 60% and a share portion of 40%, in accordance with the decision to this effect taken at the Annual Shareholder Meeting on April 14, 2022.

The reported compensation in section 4.1 includes the cash portion of the retainer, the value of the stock portion and, additionally, the actual employer contributions to social security plans. In addition, a flat expense allowance is provided, which is paid in cash. This allowance quali-

fies as reimbursement of expenses and is therefore not considered part of the compensation itself.

The Board members' normal term of office begins on the date following the day of the Annual Shareholder Meeting that elects them and ends on the date of the next Annual Shareholder Meeting. When a new member joins the Board of Directors, the compensation is paid on a pro-rated basis from the day of election. If a member leaves the Board before the end of a term, the retainer is calculated on a pro-rated basis to the date of departure. In the case of pro-rated retainers as well, two-thirds is paid in cash (after the 2022 Annual Shareholder Meeting: 60% paid in cash) and one-third is paid in stock (after the 2022 Annual Shareholder Meeting: 40% paid in stock).

03.3 Compensation of the Executive Committee

Compensation principles

The compensation system is designed to attract and retain excellent management and specialist staff. Comet seeks to set compensation levels that reflect the individual levels of skills and responsibility in the Group and that bear comparison with other employers competing with Comet for talent. This aim is supported by a fair system of remuneration designed to match levels of pay offered by listed peer companies.

The compensation elements thus take into account short-term and long-term aspects of sustainable company performance and development. Comet believes that its remuneration architecture creates an effective link between compensation and performance that generates lasting value for shareholders.

The compensation of the Executive Committee is specified in Board-approved regulations. The CEO recommends the amounts of fixed compensation for the other Executive Committee members to the NCC. The NCC then prepares a specific proposal for the amounts of the individual fixed compensation of the CEO and each of the other Executive Committee members, for approval by the full Board of Directors. The NCC also bases its proposals on general experience and on levels of compensation at peer companies. The full Board of Directors periodically reviews, sets and approves the compensation levels, based on the proposal of the NCC. The latest review of the compensation of the Executive Committee was performed in fiscal year 2022 with the support of Korn Ferry, independent executive compensation experts. The analysis was conducted using the Korn Ferry Hay Guide Chart® Profile method of job evaluation, which provides a consistent and objective framework for analyzing organizational structures and developing an effective reward strategy.

Every year, the Board of Directors submits its proposals for the maximum aggregate amounts of Executive Committee compensation to the Annual Shareholder Meeting for approval, specifically:

- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospectively)
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospectively)

To new members joining the Executive Committee during a period for which the Shareholder Meeting has already approved the compensa-

tion, Comet Holding AG or its subsidiaries are authorized to pay an additional amount if the already approved maximum aggregate amount is not sufficient to cover the compensation. The aggregate additional amount per compensation period must not exceed 40% of the approved maximum aggregate amount of compensation of the Executive Committee.

Structure of the compensation system

The remuneration consists of fixed compensation and performance-based variable compensation. The total compensation takes into account the recipient's position and level of responsibility. The variable compensation of the Executive Committee members is structured as a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). It is designed to heighten the commitment of the CEO and the other Executive Committee members. The variable compensation is based on the regulations approved by the Board of Directors. The requirement for this group of individuals to draw part of their short-term incentive plan (STIP) compensation in stock is detailed in a separate set of regulations.

Two-thirds (66.67%) of the compensation under the STIP is paid in cash and one-third (33.33%) of it is paid in stock. The compensation under the LTIP is paid in stock only. The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.

The stock transferred under the STIP is subject to a holding period of three years from the date of the award, during which it cannot be sold. However, all other shareholder rights are effective during the holding period, including rights to dividends and similar distributions and the right to participate in Shareholder Meetings. Except as otherwise required by law, in the event of an attempted change of control of Comet Holding AG, the holding period on stock ends when a public tender offer is validly made. The holding period remains in place in all other cases, including in the event of termination. The stock awarded under the LTIP does not have a holding period.

There are individual upper limits on the total variable compensation of the CEO and the other members of the Executive Committee. The upper limit thus caps the individual's combined total of STIP (profit-sharing) and LTIP compensation. For the CEO this maximum (the upper limit for the combined total of STIP compensation and LTIP stock) is 200% of the fixed compensation. For each of the other members of the Executive Committee, this upper limit for the combined total of STIP compensation and LTIP stock is 150% of the fixed compensation.

The members of the Executive Committee have employment agreements with a notice period of not more than nine months. There is no entitlement to hiring bonuses or termination benefits of any kind, nor any provision in case of a change of control except for the waiving of the remaining holding period on the stock awarded under the STIP.

The compensation system for the members of the Executive Committee is structured as follows:

Type of compensation	Form of delivery	Purpose	Drivers
Fixed compensation	Monthly payment in cash	Pay for position	Nature and level of position, individual qualifications, market conditions
Short-term profit-sharing plan (STIP)	Annual payment in cash	Profit-sharing based on corporate financial results	Corporate financial results in terms of profitable growth
Short-term profit-sharing plan (STIP)	Annual payment in stock (with a holding period)	Long-term alignment with interests of shareholders	Corporate financial results in terms of profitable growth
Long-term incentive plan (LTIP)	Annual payment in stock (without holding period)	Alignment with long-term corporate targets	Corporate financial results relative to the peer group in terms of achievement of two performance targets for growth and profitability over a three-year period
Social benefits	Company pension, social security contributions, short-term disability and accident insurance	Risk protection	Local legislation and voluntary benefits in line with market
Flat expense allowance	Monthly payment in cash	Defraying of minor expenses	Local legislation, tax authorities
Other benefits, incl. benefits in kind	Costs paid directly by company or reimbursed in cash	Pay for position	Local market practice

Fixed compensation

All members of the Executive Committee receive fixed compensation that is paid monthly, as well as a flat expense allowance. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions. These elements of compensation are paid in cash.

Short-term profit-sharing compensation (STIP)

In addition to the fixed compensation, the Executive Committee members are eligible for STIP profit-sharing compensation. The total pool of profit-sharing compensation is calculated as a percentage of the consolidated net income of the Group. This percentage rate is dependent upon the Group's rate of sales growth compared with the prior year. For fiscal year 2022, the percentage rate was determined according to the following model, unchanged from fiscal year 2021:

Sales growth	Percentage of net income
Less than 5%	15%
5%–15%	Linear increase between 15% and 25%
More than 15%	25%

In fiscal year 2022, 24.0% of the Group's total consolidated net income (after profit-sharing) was accrued for distribution as short-term profit-sharing compensation (prior year: 25%).

The members of the Executive Committee and all employees eligible for profit-sharing are assigned to one of five compensation groups. These five groups consist of the CEO, the other members of the Executive Committee, and, subdivided into three groups, the other eligible employees. Each compensation group is assigned a different multiplier. The values of the multipliers are set by the Board of Directors of Comet Holding AG. Within a given compensation group, the same multiplier is used for each member of the group. This multiplier together

with the gross annual base salary determines the respective share assigned to the individual member of the Executive Committee and individual employee in the allocation of the total profit-sharing pool. The individual share of the total profit-sharing pool (under the STIP) is calculated using the following model:

a) Calculation of individual's percentage share of total profit-sharing pool

$$\frac{\text{Gross base salary of employee} \times \text{multiplier} \times 100}{\text{Total weighted gross salaries of all staff}^1} = \% \text{ share of total profit-sharing pool}$$

¹ Represents the aggregate of the multiplier-weighted gross salaries of all employees including the members of the Executive Committee

b) Calculation of effective profit-sharing compensation

$$\% \text{ share of total profit-sharing pool} \times \text{amount of profit-sharing pool that is actually distributed}$$

At least 80% of the profit-sharing pool is allocated among the members of the Executive Committee and all employees, using a general allocation formula. Up to an aggregate maximum of 20% of the profit-sharing pool may be allocated selectively to individual members of the Executive Committee or individual other employees, using an individual allocation formula. This is to enable the Board and the CEO to recognize individual performance distinctively. Performance is evaluated by the Board and CEO at the end of the fiscal year, and a decision is made on whether to allocate part or all of the 20% individual allocation pool to individual employees. Any unused portion of the individual allocation pool is also distributed by the general allocation formula. The Board of Directors did not allocate any of the 20% individual allocation pool in the year under review.

A precondition for paying any profit-sharing compensation is that, after the accrual of this distribution, the Group is still able to report positive consolidated net income. Members of the Executive Committee, or other employees, joining Comet intra-year participate in profit-sharing on a pro-rated basis. In the event of intra-year termination of the employment relationship, the pro-rated amount due is calculated based on the approved consolidated financial statements and is paid out in cash and stock upon approval of the profit-sharing compensation by the Annual Shareholder Meeting. Profit-sharing awards to the CEO and the other members of the Executive Committee are approved by the Board, with ratification by the shareholders at the Annual Shareholder Meeting as part of the binding retrospective vote on the compensation of the Executive Committee.

Long-term profit-sharing compensation (LTIP)

The aim of the LTIP, which was introduced in fiscal year 2017, is to tie the CEO and the other members of the Executive Committee more closely to the company and to strengthen the alignment of part of their compensation with the achievement of long-term corporate targets. Stock transferred under the LTIP does not have a holding period.

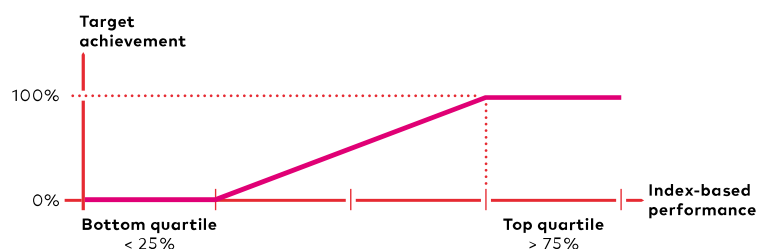
The amount of the LTIP compensation is dependent on the value of the stock earned as short-term profit-sharing compensation (STIP) in the previous three years. LTIP stock is granted each year based on the extent to which the performance targets for the previous three years were achieved. The LTIP amount is based on performance against the following two targets:

- a growth target (T1), and
- a profitability target (T2)

Target achievement is measured relative to a group of 13 listed Swiss manufacturing companies similar to Comet in revenue size and market capitalization.

Autoneum Holding AG	Interroll Holding AG	Rieter Holding AG
Feintool International Holding AG	Kardex Holding AG	Tecan Group AG
Gurit Holding AG	Komax Holding AG	u-blox Holding AG
Huber+Suhner AG	Phoenix Mecano AG	VAT Group AG
INFICON Holding AG		

For both targets, target achievement is assessed by measuring the index-based relative performance, thus comparing the Group's performance with that of the companies in the peer group. The degree of target achievement is 0% if the Group's result ranks in the bottom quartile of the index (i.e., among the 25% of companies with the lowest performance). Target achievement is 100% (the maximum) if the result attained is in the top quartile of the index (i.e., in the top 25% of all companies). If the result falls between these two outcomes, the percentage of target achievement is interpolated on a straight-line basis between 0% and 100%.



The value of the stock granted under the LTIP is based on the average annual achievement of the two performance targets (T_1 and T_2 , in percent) multiplied by the average annual value of the stock (V_s) actually transferred to employees in the preceding three years as STIP short-term profit-sharing compensation, multiplied by a calibration factor C:

$$\text{LTIP} = (T_1 + T_2)_s * V_s * C$$

Growth target T_1 : The growth target is defined in terms of the compound annual growth rate (CAGR) of sales for the respective last three years. The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the growth target is measured by the relationship of the average CAGR of the Group over the last three years to the results of the peer group.

Profitability target T_2 : The profitability target is defined in terms of the average ratio of ROCE to WACC for the respective last three years (ratio of return on capital employed to weighted average cost of capital). The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the profitability target is measured by the relationship of the average ROCE-to-WACC ratio of the Group over the last three years to the results of the peer group.

Calibration factor C: The calibration factor, which is a numerical value in the range from 0 to 1, is set by the Board of Directors. The calibration is normally reviewed every three years and, when necessary, adjusted so that the long-term incentive corresponds to the performance of the company and the purpose of the LTIP. When doing so, the Board ensures the adjustment is fair to all participants. No such adjustment was made in the fiscal year.

Calculation of the value V_s of the average annual amount of STIP stock transferred: The amount of stock transferred under the LTIP is based on the value of the stock transferred under the short-term profit-sharing plan (STIP) over the last three years. That value of transferred STIP stock is measured as of the time of its transfer. For determining the amount of LTIP stock to be transferred in year n , the underlying average annual value of STIP stock, V_s , is calculated as follows:

$$V_s = \frac{1}{3} (V_{n-2} + V_{n-1} + V_n)$$

Where V_{n-2} represents the value of the stock transferred in year $n-2$, V_{n-1} represents the value of the stock transferred in year $n-1$, and V_n represents the value of the stock transferred in year n .

Target achievement is determined at the end of each year. As the data for the peer group companies only becomes available with a time lag, the current year-end data for Comet is compared with that data for the peer group which is available at December 31.

The amount of stock to be transferred under the LTIP is based on the amount of stock already transferred under the short-term profit-sharing plan and is thus inherently pro-rated in the case of an intra-year hire or promotion. Employees who have given or received notice of termination of employment are not entitled to the LTIP compensation for the year of their departure.

The long-term profit-sharing compensation is disbursed on the basis of the approved consolidated financial statements and the approval of the profit-sharing compensation by the Annual Shareholder Meeting of Comet Holding AG in the subsequent year.

In the event of a public tender offer for the stock of Comet Holding AG, the LTIP compensation for the fiscal years that are not yet compensated under the LTIP at the time the public tender offer is validly made, is paid entirely in cash instead of stock.

03.4 Compensation system for employees below the Executive Committee level

Compensation principles

The compensation systems for the Board of Directors and the Executive Committee, are covered in separate sections above.

The compensation system for Comet's other employees has two main elements: All employees receive fixed compensation, and employees eligible for profit-sharing under the STIP may earn a performance-based pay component.

Structure of the compensation system

Fixed compensation

All employees receive fixed compensation that is paid monthly in cash. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions.

STIP

The calculation of an individual's effective profit-sharing compensation is based on that portion of the total profit-sharing pool which has been allocated by the general allocation formula. In addition to that general portion, the Board of Directors may award an individual share of profit. Unlike the Executive Committee, the STIP for other employees is settled in cash only (i.e., it has no stock portion and thus involves no holding period). Detailed information on the determination of STIP profit-sharing compensation for employees is provided in section 3.3, "Compensation of the Executive Committee".

04 Disclosure of compensation of the Board of Directors and Executive Committee

The following disclosures represent all compensation of the members of the Board of Directors and Executive Committee and their related parties¹ for fiscal years 2021 and 2022, disclosed in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OAEC). Further details on the included individuals and their positions in the Group are provided in the corporate governance report within this annual report.

¹ Related parties are persons outside Comet who are related to members of the Board of Directors or Executive Committee within the meaning of article 678 of the Swiss Code of Obligations by virtue of close personal or economic ties in law or in fact.

04.1 Members of the Board of Directors (including related parties)

The compensation of the Board of Directors is set at the Annual Shareholder Meeting for a period of one year. The Board's term of office, and therefore its annual compensation period, do not match the fiscal year.

The Annual Shareholder Meeting prospectively approves the Board's compensation for a period of one year, ending at the subsequent Annual Shareholder Meeting. The following tables show the actual compensation for the Board of Directors for fiscal year 2022 and 2021. As can be seen from the tables, the Board compensation for the term of office ending at the 2022 Annual Shareholder Meeting will be within the maximum aggregate amount approved by the Annual Shareholder Meeting. The aggregate amount of the Board's compensation is higher in fiscal year 2022 than in the prior fiscal year due to the increased number of Board members and an increase in individual compensation compared to the prior year.

Fiscal years 2021 and 2022

In CHF (gross)	Total cash compensation ¹	Stock compensation ²	Total before social security contributions	Social security contributions ³	Total compensation in fiscal year 2022	Total compensation in fiscal year 2021
1/1/2021 to 4/22/2021						
Rolf Huber, Vice Chair						24,027
1/1/2022 to 12/31/2022						
Heinz Kundert, Chair	144,850	90,272	235,122	—	235,122	198,000
Mariel Hoch, Vice Chair	76,883	50,847	127,731	11,882	139,613	107,632
Gian-Luca Bona, member of the Board	74,883	49,419	124,303	11,497	135,800	107,632
Patrick Jany, member of the Board	68,883	45,136	114,019	10,343	124,363	107,632
Tosja Zywiets, member of the Board	64,883	42,281	107,164	—	107,164	66,000
4/14/2022 to 12/31/2022						
Edeltraud Leibrock, member of the Board	46,000	32,839	78,839	—	78,839	—
Total	476,383	310,794	787,178	33,723	820,901	610,923

Total Board compensation prospectively approved at the Annual Shareholder Meeting on April 14, 2022 and April 22, 2021, respectively **970,000** **800,000**

The total compensation paid to members of the Board of Directors (for the period from the Annual Shareholder Meeting to the year-end) plus estimated amounts yet to be paid in the following fiscal year (for the period from January to the next Annual Shareholder Meeting) are within the maximum aggregate amount approved by the Annual Shareholder Meeting indicated above **YES** **YES**

- ¹ The compensation consists of a fixed retainer; two-thirds of it is paid in cash (after the 2022 Annual Shareholder Meeting: 60% paid in cash) and disclosed in this item.
- ² This item represents the one-third of the fixed retainer which is paid in stock (after the 2022 Annual Shareholder Meeting: 40% paid in stock). The actual transfer of the stock occurs in the subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
- ³ This item represents employer contributions to social security plans and to the family allowance fund. No pension fund contributions, short-term disability insurance premiums or accident insurance premiums are paid.

04.2 Current and former members of the Executive Committee (including related parties)

A total of seven persons served as Executive Committee members during fiscal year 2022. On average for the fiscal year, this represented 6.0 full-time equivalents (prior year: 5.4). The total compensation of the current and former members of the Executive Committee, as well as the highest individual compensation, are presented in the table below. Former members of the Executive Committee are those members who were no longer active as of the year-end, but received compensation in the respective fiscal year.

Fiscal year 2022

In CHF (gross)	Footnote	Current Executive Committee members ¹	Former Executive Committee members ²	Total, Executive Committee	Of which K. Crofton (CEO)
Fixed compensation (cash)	3	1,585,869	632,418	2,218,288	632,418
Short-term incentive compensation (STIP, cash)	4	1,314,022	722,495	2,036,518	722,495
Short-term incentive compensation (STIP, stock)	5	657,011	361,248	1,018,259	361,248
Long-term incentive compensation (LTIP, stock)	6	160,281	0	160,281	0
Subtotal		3,717,183	1,716,162	5,433,345	1,716,162
Other benefits, incl. benefits in kind	7	6,114	22,489	28,603	22,489
Employer contributions to social security plans	8	323,559	153,460	477,018	153,460
Retirement benefits	9	248,897	135,071	383,968	135,071
Total compensation to members of the Executive Committee		4,295,753	2,027,181	6,322,934	2,027,181

¹ The composition of and changes in the Executive Committee membership are presented in the corporate governance report.

² The employment contract of Kevin Crofton, the outgoing CEO, ended as of November 30, 2022.

- ³ For their work, the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service awards.
- ⁴ This item represents the portion of the STIP compensation paid in cash for 2022, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.
- ⁵ This item represents the portion of the STIP compensation paid in stock for 2022. The actual transfer of the stock occurs in the respective subsequent year and is disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting). The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.
- ⁶ This item represents the LTIP compensation awarded for 2022, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year. The shares are disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting).
- ⁷ This item represents the annual cost of public ground transportation for certain members of the Executive Committee for 2022 and tax advisory services for former Executive Committee members.
- ⁸ This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.
- ⁹ This item represents employer contributions to the employee pension plans.

Fiscal year 2021					
In CHF (gross)	Footnote	Current Executive Committee members ¹	Former Executive Committee members ²	Total, Executive Committee	Of which K. Crofton (CEO)
Fixed compensation (cash)	³	2,006,699	—	2,006,699	650,000
Short-term incentive compensation (STIP, cash)	⁴	1,737,924	—	1,737,924	794,748
Short-term incentive compensation (STIP, stock)	⁵	868,962	—	868,962	397,374
Long-term incentive compensation (LTIP, stock)	⁶	104,595	—	104,595	44,297
Subtotal		4,718,180	—	4,718,180	1,886,419
Other benefits, incl. benefits in kind	⁷	24,776	—	24,776	20,112
Employer contributions to social security plans	⁸	436,750	—	436,750	180,360
Retirement benefits	⁹	310,659	—	310,659	148,580
Total compensation to members of the Executive Committee		5,490,365	—	5,490,365	2,235,471

¹ The composition of and changes in the Executive Committee membership are presented in the corporate governance report.

² In the fiscal year, no compensation was paid to former Executive Committee members.

³ For their work, the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service awards.

⁴ This item represents the portion of the STIP compensation paid in cash for 2021, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.

⁵ This item represents the portion of the STIP compensation paid in stock for 2021. The actual transfer of the stock occurs in the respective subsequent year and is disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting). The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.

⁶ This item represents the LTIP compensation awarded for 2021, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year. The shares are disclosed at the execution price (the average share price in the period between publication of the annual results and the Annual Shareholder Meeting).

⁷ This item represents the annual cost of public ground transportation for certain members of the Executive Committee for 2021.

⁸ This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.

⁹ This item represents employer contributions to the employee pension plans.

04.3 Shareholders' say on pay regarding Executive Committee compensation and compensation mix

The tables below provide a comparison of the prospective approval of the fixed compensation and the retrospective approval of the variable compensation of the Executive Committee members by the Annual Shareholder Meeting. For fiscal years 2022 and 2021, the fixed compensation was within the maximum aggregate amount approved by the Annual Shareholder Meeting. In addition, the subsequent information provides an overview of the compensation mix for fiscal years 2022 and 2021.

In CHF (gross)	Total, Executive Committee	
	2022	2021
Fixed compensation		
Fixed compensation – cash portion	2,218,288	2,006,699
Employer contribution to social security and retirement plans that is based on fixed compensation and other benefits, incl. benefits in kind	594,790	522,432
Total fixed compensation	2,813,078	2,529,131
Total maximum fixed compensation prospectively approved by the preceding Annual Shareholder Meeting	3,500,000	3,500,000
Within the pre-approved limit	YES	YES

In CHF (gross)	Total, Executive Committee	
	2022	2021
Variable compensation		
Short-term incentive compensation (STIP) – cash portion	2,036,518	1,737,924
Short-term incentive compensation (STIP) – stock portion	1,018,259	868,962
Long-term incentive compensation (LTIP) – stock	160,281	104,595
Employer contribution to social security and retirement plans that is based on variable compensation	294,799	249,753
Total variable compensation	3,509,856	2,961,234
Total variable compensation retrospectively approved by the subsequent Annual Shareholder Meeting		2,961,234

In CHF (gross)	Total, Executive Committee	Highest-paid member of the Executive Committee	Total, Executive Committee	Highest-paid member of the Executive Committee
	2022	2022	2021	2021
Total compensation to members of the Executive Committee	6,233,934	2,027,181	5,490,365	2,235,471
Total fixed compensation in % of total compensation	44%	42%	46%	40%
Total variable compensation in % of total compensation	56%	58%	54%	60%
Variable compensation paid in cash in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	63%	67%	64%	64%
Variable compensation paid in stock in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	37%	33%	36%	36%

04.4 Supplementary information on compensation

In fiscal year 2022, no signing bonuses were paid to present or former members of the Board of Directors or of the Executive Committee (prior year: nil). No termination benefits were granted or paid (prior year: nil).

In fiscal year 2022, no transactions with related parties were recorded and no interim management contracts were in place (prior year: nil).

No loans or other credits were granted to members of the Board of Directors or Executive Committee in the year under review (prior year: nil). No loans or other credits were outstanding at the balance sheet date (prior year: nil). As well, Comet did not provide any guarantees or other security in the year under review (prior year: nil).

No material changes related to compensation have occurred after the balance sheet date of December 31, 2022.

05 Disclosure of shareholdings of the Board of Directors and Executive Committee

As of December 31, 2022, the members of the Board of Directors and Executive Committee held a combined total of 0.4% of the outstanding shares of Comet Holding AG (prior year: 0.3%).

A detailed analysis of the shareholdings of the members of the Board of Directors and Executive Committee is presented in the notes to the separate financial statements of Comet Holding AG, in note 6.

06 Proposals to the 2023 Annual Shareholder Meeting for compensation of the Board of Directors and Executive Committee

At the 2023 Annual Shareholder Meeting, the Board of Directors will propose the resolutions for the compensation of the Board and the Executive Committee.

The detailed proposals and the supporting reasoning will be delivered to shareholders with the notice of the 2023 Annual Shareholder Meeting.

07 Compensation outlook for 2023

In 2022, the NCC conducted a holistic review of the compensation structure for the Executive Committee. On this basis, a revised compensation framework for the Executive Committee was prepared that will be effective from January 1, 2023. In its review, the NCC also considered the feedback from proxy advisors, shareholders, as well as independent experts on total reward management.

As part of the executive compensation review, the Board of Directors endorsed the design of a new long-term incentive plan (LTIP). This plan is constituted as a three-year forward-looking performance share unit (PSU) plan, which is based on an enlarged set of key performance indicators (sales growth, ROCE and ESG). Sales growth performance will be measured against the NASDAQ Global Semiconductor Index (GSOX). ROCE performance will be assessed against absolute benchmarks set by the Board of Directors in the three-year mid-term plan (MTP). ESG performance is measured against a scorecard that includes several targets in the "environmental" and "social" categories. The amount representing the maximum achievable number of PSUs at vesting (200%) will be submitted to prospective vote at the AGM.

The new LTIP is effective from January 1, 2023. To fund market-competitive PSU grants under this new long-term incentive plan, the composition of the incentive compensation for the members of the Executive Committee will shift in proportion from the annual short-term incentive plan (STIP) profit sharing mechanism to the new long-term incentive plan (LTIP). Since the new LTIP is structured as a three-year, forward-looking scheme with an initial payout in 2026, whereas the old LTIP was designed as a three-year backward-looking plan, current members of management will be grandfathered by deferring the proportional transition from the annual short-term incentive program to

the new LTIP until fiscal 2025. This transitional element will not apply to any new members of the Executive Committee.

More information on the new LTIP will be provided in the compensation report 2023.



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To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 28 February 2023

Report of the statutory auditor on the audit of the compensation report



Opinion

We have audited the compensation report of Comet Holding Ltd. (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in Note 04 on pages 167 to 171 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report complies with Swiss law and Art. 14-16 VegüV.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include Note 04 in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

CRISTINA ZIMMERMANN
Licensed audit expert